

## *Appendices*

This Part of the *1999/2000 Biennial Budget* presents supplemental information in several appendices.

Included are the following:

A discussion concerning the City's [debt obligations](#) and limits thereon,

A biennial [Citizen Survey](#) results summary,

A [Glossary](#) that may help the budget reader to better understand the document.

### **DEBT OBLIGATIONS**

#### **Property Tax-Supported Debt Limitation**

Section 133.03 of the Ohio Revised Code provides that the principal amount of both voted and unvoted debt of the City may not exceed 10.5% of the City's assessed valuation, and that the principal amount of unvoted debt may not exceed 5.5% of the City's assessed valuation. These limitations have been increased several times in the past. There are exemptions of the debt from the 5-1/2% and 10-1/2% limitations listed in Ohio Revised Code Section 133.05. Among the kinds of debt that are exempt is debt issued for water works, voted urban redevelopment bonds not exceeding two percent of total assessed property valuation, debt covenanted by appropriations annually from lawfully available municipal income taxes, recreational facilities, off-street parking and urban redevelopment, as well as debt (not heretofore incurred by the City) for certain other purposes.

The City's "indirect" (ten mill) debt limit was removed by decision of the Ohio courts. In September 1977, the Supreme Court of Ohio dismissed an appeal from the decision of the Court of Appeals, First Appellate District, Hamilton County, Ohio, involving the City's debt limitations. In summary, the City instituted a test case against the Director of Finance for the purpose of obtaining a definitive construction of certain sections of the City Charter bearing on the right of the City to levy taxes in excess of the ten mill limitation of Section 5705.02 of the Ohio Revised Code. As a result of the Court decision, the City has the right to levy property taxes without limitation to support its lawfully issued bonds and notes, and the City's ability to incur debt will be limited only by arithmetical (percentage) limitations set forth under Section 133.03 of the Ohio Revised Code.

The table shown below presents financial data on the status of the statutory limitations as of December 31, 1998. The City is well within the 10.5% and 5.5% State Code debt limitations with a Legal Debt Margin of \$360,630,682 and \$119,893,452.

#### **Property Tax-Supported Debt and Bonds Issued**

The gross debt at December 31, 1998 was \$291.1 million, consisting of \$124.2 million general

long term debt, \$153.8 million in self-supporting bonds and notes, and \$13.1 million in revenue supported debt. The net tax supported debt at the end of fiscal year 1998 was \$134.5 million. For 1997, the gross debt at December 31, 1997 was \$264.2 million, while the net tax supported debt at the end of fiscal year 1997 was \$134.2 million. During 1998, \$53.9 million of general obligation bonds were sold. The bonds included tax supported issues of \$12 million for street improvements, \$6.5 million for equipment improvements, and \$2.5 million for public buildings improvements. The \$53.9 million general obligation bond sale also included self-supported issues of \$25.6 million for Water Works Improvements, \$3 million for Urban Redevelopment Improvements, and \$4.3 million for the reconstruction of Fort Washington Way. During 1998, \$58,550,000 of bonds matured and were paid. Within a general policy of no new taxes, the City continues the policy of retiring at least 85% of outstanding debt within 10 years.

The City's general obligation bonds are rated "AA+" by Standard and Poor's and "Aa1" by Moody's rating services.

	Overall Debt <u>Limitation 10.5%</u>	Unvoted Debt <u>Limitation 5.5%</u>
Debt Limitation of Assessed Valuation (a)	\$506,260,233	\$265,183,932
Debt Within Limitations	<u>145,630,000</u>	<u>145,630,000</u>
Legal Debt Margin	\$360,630,233	\$119,553,932
(a) Estimated 1999 Assessed Valuation is \$4,821,526,030		

## CITIZEN SURVEY

The Citizen Survey is a biennial research study conducted by the University of Cincinnati's Institute of Public Research (IPR). It was last conducted in 1997. It serves as an integral component in the City Council's and the City Administration's development of budget policies concerning the delivery of public services. The survey randomly selected 551 City residents who answered 84 closed- and 2 open-ended questions. The questions were developed by the City in consultation with IPR. Some questions were modeled after the International City Managers Association (ICMA) questions so that the City's results can be compared on a national basis.

A summary of the findings, which are expressed verbatim, follows:

1. Fire department services, emergency medical services, maintenance of City parks, and garbage collection received the highest quality ratings by City residents. On the other hand, housing rehabilitation, neighborhood business development, and race relations programs received the lowest ratings.
2. Based on the assumptions that budget priorities should be given to those

services which residents: 1) rated as being adequate or less, and 2) thought should be improved even if it means raising taxes, the following services should receive budget priority:

- programs for teenagers
- housing rehabilitation
- youth job training programs
- race relations programs
- neighborhood business development programs
- traffic control
- street maintenance
- stormwater sewers
- downtown development programs
- snow and ice removal, and
- new housing programs

3. Eighty-seven percent of residents indicated that they were satisfied, overall, with the City services and programs in their neighborhood.

4. A large majority (82%) of residents was satisfied with the quality of life in their neighborhood. These results are consistent with those of the 1995 citizen survey.

5. Sixty-one percent of residents reported that the condition of the roads in their neighborhood were "mostly good". Another 21 percent of residents reported that the roads in their neighborhood were in "good" condition.

6. Almost half (48%) of City residents felt that their neighborhood business districts are staying the same, while 27 percent reported an improvement, and 23 percent report a decline.

7. Thirty-nine percent of City residents thought that the downtown business district is improving. This percentage has increased from 26% in the 1995 citizen survey.

8. Fifty-six percent of City residents were aware of their community or neighborhood association. Twelve percent say they belonged in some way, to their community or neighborhood association.

9. Consistent with the 1995 citizen survey, over half (57%) of residents felt that City government is either "very" or "somewhat" interested in their opinions, requests or

suggestions.

10. Twenty-eight percent reported that City government was responsive to their needs "always" or "most of the time". Slightly over half (52%) reported that City government was "occasionally responsive to their needs".

11. In response to both an unaided and aided question, 15 percent of residents were aware of the Cincinnati Neighborhood Action Strategy (CNAS).

12. Over one-third (36%) of residents reported that they used a home personal computer at least occasionally. Of those residents, 76 percent indicated that they would be "somewhat" or "very" interested in using home computers to access information about City services.



## GLOSSARY OF TERMS



**AGENCY:** An organizational entity of the City of Cincinnati. Usually it relates to a Department of the City (such as the Department of Safety, or Public Works, etc.). It may also relate to a subordinate division of a Department, such as an operating Division. Or it may relate to any of the various Special Organizational Reporting Authorities discussed in Part II of this budget.

**APPROPRIATION:** Legislation by the City Council approving the budgets for individual funds. Appropriation ordinances authorize spending in the personnel services, non-personnel services, employee benefits, equipment accounts, debt service, and capital categories. Departments cannot spend more money than is approved in these categories. Appropriations can only be adjusted by passage of a subsequent ordinance by the City Council upon recommendation by the City Manager.

**BDS:** See Budget Development System.

**BIENNIAL BUDGET:** A budget for a two-year period. The City of Cincinnati's biennial schedule was initiated in 1993. The biennial budget cycle is 1995/1996, 1997/1998, and so on.

**BOND:** A long-term promissory note issued in order to generate financing for the construction, rehabilitation, or upgrade of City assets. The sale of bonds is the primary method of financing a capital program.

**BUDGET DEVELOPMENT SYSTEM (BDS):** An automated system used to prepare the biennial Operating Budget and related reports. This system is similar to the Capital Budget System (CBS) used to prepare the City's Capital Budget. It is supported by the Cincinnati Financial System (CFS).

**CAPITAL BUDGET COMMITTEE:** A committee comprised of the Deputy City Manager and the department heads of Public Works, Parks, Economic Development, Water Works, and

Sewers. This committee meets with representatives from all City agencies, reviews analyses of Capital requests, and recommends a balanced Capital Budget to the City Manager for presentation to the City Council.

**CAPITAL INVESTMENT PROGRAM (CIP):** The six-year plan for capital investment in Cincinnati's future through improving City streets, bridges, recreation facilities, parks, health facilities and buildings, and other capital assets, all of which enhance the delivery of services. It coordinates the financing and timing of improvements to maximize their value to the public.

**CAPITAL OUTLAY:** Expenditure category for the cost of equipment, vehicles and other fixed assets (major object code 7600 in the Cincinnati Financial System).

**CARRYOVER BALANCE:** The net balance in a fund at the end of the fiscal year due to savings (when total expenditures and encumbrances are less than the appropriations), canceled encumbrances (when a contract is completed for less cost than the encumbered amount or not needed at all), or revenues in excess of estimates for that year.

**CDBG:** See Community Development Block Grant

**CINCINNATI FINANCIAL SYSTEM (CFS):** An automated system to process financial transactions and prepare related reports. This system supports the Budget Development System (BDS).

**CINCINNATI NEIGHBORHOOD ACTION STRATEGY (CNAS):** City staff serve on interdepartmental teams to work with neighborhoods to identify their assets and concerns. CNAS is a partnership with neighborhood residents to develop actions to address those concerns. CNAS teams began in five pilot neighborhoods in 1995 and now are in all City neighborhoods.

**CIP:** See Capital Investment Program

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG):** The Federal grant which supports housing, economic development, health and human services, and planning and administration.

**CONSOLIDATED PLAN:** The U.S. Department of Housing and Urban Development requires a single or consolidated plan and submission for the following Federal grant programs: Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Shelter Grants.

**CONTINUATION SERVICES BUDGET:** A budget in which the City provides nearly the same level of services which were provided in the previous year.

**CONTRACT AGENCIES:** The City contracts with some agencies to provide services, such as the Citizen's Committee on Youth (CCY), the Cincinnati Human Relations Commission (CHRC), and the Southwest Ohio Regional Transit Authority (SORTA). These are not City departments, nor are they operated by City employees, but the services are paid for by City funds and grants received from the City.

**DEBT SERVICE:** Scheduled payment of the interest and principal to bond holders which is necessary to retire bond indebtedness.

**DEPARTMENT:** A basic organizational unit of government which may be sub-divided into divisions, programs, and activities.

**EBC:** See Executive Budget Committee

**EMERGENCY SHELTER GRANT:** Federal funds to provide capital and operating support for emergency shelters and transitional housing for the homeless.

**EMPLOYEE BENEFITS:** City-contributed costs for pension and other benefits for City employees. Other benefits include health care, unemployment compensation, vision and dental care, and the Public Employees Assistance Program (PEAP).

**ENCUMBRANCE:** An amount of money committed for the payment of goods or services ordered but not yet received.

**ENTERPRISE FUNDS:** A type of restricted fund which is used to account for the expenditures and revenues of enterprise operations such as the City's Water Works Department and Parking Facilities Division. Enterprise funds are self-supporting from the sale of goods and services.

**EQUIPMENT ACCOUNTS:** Expenditure categories for "Motorized and Construction Equipment" (MCEA) and "Office and Technical Equipment" accounts (OTEA). MCEA is used for purchases of autos, trucks, back-hoes, etc. OTEA is for desks, office partitions, calculators, etc.

**EXCEPTION REQUEST:** Programs and/or items which are not included in the base requested or recommended budget. These include new program proposals or extraordinary increases which could not be included in the budget target.

**EXECUTIVE BUDGET COMMITTEE (EBC):** The members of this committee are the City Manager, Deputy City Manager, Director of Finance, and the Director of Budget and Evaluation. The EBC is the City Manager's administration team to develop budget and policy recommendations to the City Council.

**EXPENDITURE:** The cost for the personnel, materials, and equipment required for a department to function.

**FISCAL YEAR (FY):** Cincinnati's fiscal year runs from January 1 through December 31.

**FTE:** See Full-Time Equivalent below

**FULL-TIME EQUIVALENT (FTE):** FTE is a measure of a position by its budgeted hours. For example, 1 FTE equals 2088 hours and .75 FTE equals 1566 hours.

**FUND:** A fiscal and accounting entity with a self-balancing set of accounts to record revenue and expenditures.

**FUND ACCOUNTING:** Accounting method of providing information on City receipts and disbursements in separate categories or "funds". Governments use fund accounting to segregate sources of revenue and the purposes for which they are to be used. For instance,



Water Works Fund 101 only receives funds generated from water charges and only expends funds related to water system activities.

**GENERAL FUND:** This fund accounts for the current assets, current liabilities, revenues, and expenditures that arise from general government operations. The main revenue sources of this fund are income and property taxes.

**HOME:** HOME Investment Partnerships Program. A Federal grant program to provide housing for low income persons.

**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA):** A Federal grant program to provide housing for persons with AIDS.

**INFRASTRUCTURE:** Long-lived assets such as highways, bridges, buildings, and public utilities. A primary funding source for infrastructure maintenance is provided by a tax of one tenth of one percent on earned income, which was approved by voters in 1988. It is legally mandated that collection of this additional tax is subject to the City spending 90% of a base amount within three years. The base amount is calculated by an established formula. This budget and expenditures requirement to continue the 0.1% income tax is referred to as the "infrastructure mandate."

**INTERDEPARTMENTAL CHARGES:** Accounts for the reimbursement of the cost of services provided to departments by other departments. For example, the Reproduction Services program might process an interdepartmental bill (I.D. bill) to charge the Recreation Department for printing a brochure.

**INTERNAL SERVICE FUNDS:** A type of restricted fund used to finance and account for goods and services provided in-house by a City Department, such as the Municipal Garage Fund.

**MISSION:** The service goal to be achieved by a City department.

**NON-PERSONNEL SERVICES:** Operating expenditure category for non-salary related items, such as office supplies, office space rental, contracts, computer costs, gasoline, etc. (major object code series 7200-7300-7400 in the Cincinnati Financial System).

**OBJECTIVES:** Measurable activities of a program which are sought to be accomplished in order to achieve the overall mission.

**OPERATING BUDGET:** The budget which encompasses day-to-day municipal activities. The Operating Budget includes employee salaries, supplies, and other non-personnel items related to current activities. The Operating Budget also includes debt service and overhead costs for these operations.

**PERSONNEL SERVICES:** Expenditure category for the cost of employee salaries and compensated absences such as vacations and sick leave (major object code 7100 in the Cincinnati Financial System).

**PRIOR YEAR ENCUMBRANCES:** Obligations from previous fiscal years in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of that annual appropriation has been reserved. They cease to be

encumbrances when the obligations are paid or otherwise terminated.

**PROGRAM:** A group of similar activities, or a type of service, which is organized as a sub-unit of a department for planning and performance measurement purposes.

**RESERVE FOR CONTINGENCIES:** An appropriation which is set aside for unanticipated or potential expense items that cannot be deferred until the next budget cycle. This is an account routinely appropriated in the General Fund to enable the City Council to adjust the budget during the year without affecting other budgeted services.

**RESOURCES:** Total dollars available for budget purposes including revenues, fund transfers, and beginning fund balances.

**RESTRICTED FUNDS:** Funds restricted to a specific purpose, such as Parking, Lunken Airport, and Municipal Golf Funds.

**REVENUES:** The annual income or receipts of the City from taxes, charges, and investments.

**SERVICE AREAS:** The ten broad areas in which the City categorizes services provided to the citizens of Cincinnati. They include safety, infrastructure, housing, economic development/employment, transportation, community relations, administration and legislative, parks/recreation/arts, environmental resources, and health and human services.

**SPECIAL ORGANIZATIONAL REPORTING AUTHORITIES:** Agencies of the City which include its various Boards and Commissions, as well as contract agencies and county-wide departments. Discussed at length in Part II of this budget.

**STAFFING LEVELS:** Estimated number of FTE needed to perform the work at a stated level of service.

**TRUST FUND:** A fund to account for assets in which the City acts in a trustee capacity or as an agent for other governmental units. The Metropolitan Sewer District (owned by the County but operated by the City) and Pension Trust are examples of trust funds.

**UNAPPROPRIATED SURPLUS:** The amount of money in a fund not appropriated by the City Council. The balance remains in the fund until the City Council approves spending by passing an appropriation ordinance.

**USER CHARGES/FEES:** The payment of a fee for direct receipt of a public service by the party benefiting from the service.

**WORKING CAPITAL RESERVE:** Monies which are set aside to provide a reserve in case of a disaster or fiscal emergency. The policy of the City Council is to maintain a balance in the Working Capital Reserve Fund between 5 and 8 percent of General Fund revenues in each year.